

VILLAGE OF MONTPELIER, LOUISIANA

**REPORT ON COMPILATION OF
GENERAL PURPOSE FINANCIAL STATEMENTS
AND
REPORT ON APPLYING AGREED UPON PROCEDURES
INCLUDING THE LOUISIANA ATTESTATION QUESTIONNAIRE**

YEAR ENDED JUNE 30, 2003

Village of Montpelier, Louisiana

Year Ended June 30, 2003

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Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA • AMITE, LA

John N. Durnin, CPA
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Member
American Institute of CPA's
Society of Louisiana CPA's

October 30, 2003

The Honorable Bryan E. Dykes, Mayor
and Members of the Board of Aldermen
Village of Montpelier, Louisiana

We have compiled the accompanying general purpose financial statements of the Village of Montpelier, Louisiana as of June 30, 2003, and 2002, and for the years then ended, as listed in the table of contents, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the Village of Montpelier, Louisiana. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The information included in the accompanying Schedule 1 is presented only for supplementary analysis purposes. Such information has been compiled from information that is the representation of the Village of Montpelier, Louisiana, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Respectfully submitted,

Durnin & James, CPA's
(A Professional Corporation)

**General Purpose Financial Statements
(Combined Statements – Overview)**

Village of Montpelier, Louisiana

Exhibit A

Combined Balance Sheet – All Fund Types and Account Groups

June 30, 2003

With Comparative Totals for June 30, 2002

	Governmental	Proprietary	Account	Totals	
	Fund Type	Fund Type	Group	(Memorandum Only)	
	General Fund	Enterprise Fund	Fixed Assets	2003	2002
Assets					
Cash	\$ 7,848	\$ 67,701	\$ -	\$ 75,549	\$ 78,130
Investments	-	124,742	-	124,742	124,302
Receivables (Net of Allowance for Uncollectibles; Where Applicable):					
Taxes	711	-	-	711	1,528
Accounts	-	3,091	-	3,091	5,057
Other	-	3,400	-	3,400	3,756
Due from Other Funds	-	12,124	-	12,124	12,123
Due from Other Governmental Units	95	-	-	95	1,618
Fixed Assets (Net of Accumulated Depreciation; Where Applicable)	-	261,055	134,000	395,055	388,635
Restricted Assets:					
Cash	-	4,558	-	4,558	6,757
Investments	-	8,000	-	8,000	8,000
Total Assets	<u>\$ 8,654</u>	<u>\$ 484,671</u>	<u>\$ 134,000</u>	<u>\$ 627,325</u>	<u>\$ 629,906</u>

(Continued)

Village of Montpelier, Louisiana

Exhibit A
(Continued)

Combined Balance Sheet – All Fund Types and Account Groups

June 30, 2003

With Comparative Totals for June 30, 2002

	Governmental	Proprietary	Account	Totals	
	Fund Type	Fund Type	Group	(Memorandum Only)	
	General Fund	Enterprise Fund	Fixed Assets	2003	2002
Liabilities					
Accounts Payable	\$ 2,099	\$ 6,280	\$ -	\$ 8,379	\$ 7,392
Due to Other Funds	12,123	-	-	12,123	12,123
Payable from Restricted Assets:					
Customer Deposits	-	6,610	-	6,610	6,360
Total Liabilities	<u>\$ 14,222</u>	<u>\$ 12,890</u>	<u>\$ -</u>	<u>\$ 27,112</u>	<u>\$ 25,875</u>
Fund Equity					
Contributed Capital	\$ -	\$ 431,781	\$ -	\$ 431,781	\$ 431,781
Investment in General Fixed Assets	-	-	134,000	134,000	118,811
Retained Earnings:					
Unreserved - Undesignated	-	40,000	-	40,000	46,546
Fund Balance:					
Unreserved - Undesignated	(5,568)	-	-	(5,568)	6,893
Total Fund Equity	<u>\$ (5,568)</u>	<u>\$ 471,781</u>	<u>\$ 134,000</u>	<u>\$ 600,213</u>	<u>\$ 604,031</u>
Total Liabilities and Fund Equity	<u>\$ 8,654</u>	<u>\$ 484,671</u>	<u>\$ 134,000</u>	<u>\$ 627,325</u>	<u>\$ 629,906</u>

The accompanying notes are an integral part of this statement.

Village of Montpelier, Louisiana

Exhibit B

Statement of Revenues, Expenditures, and Changes in
Fund Balance – General Fund

For the Year Ended June 30, 2003
With Comparative Totals for the Year Ended June 30, 2002

	<u>2003</u>	<u>2002</u>
Revenues:		
Taxes, Licenses, and Permits	\$ 11,245	\$ 19,431
Intergovernmental	325	8,408
Fines and Forfeitures	3,193	1,683
Insurance Rebates	3,916	-
Miscellaneous	830	1,086
State Grant	<u>30,000</u>	<u>15,000</u>
Total Revenues	<u>\$ 49,509</u>	<u>\$ 45,608</u>
Expenditures:		
General Government	\$ 24,328	\$ 19,458
Public Safety - Police	3,656	4,069
Public Safety - Fire	-	513
Transfers	916	-
Capital Outlay	<u>33,070</u>	<u>19,194</u>
Total Expenditures	<u>\$ 61,970</u>	<u>\$ 43,234</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (12,461)	\$ 2,374
Other Financing Sources (Uses):		
Operating Transfers In (Out) - Water Fund	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (12,461)	\$ 2,374
Fund Balance - Beginning of the Year	\$ 6,893	\$ 4,519
Fund Balance - End of the Year	<u>\$ (5,568)</u>	<u>\$ 6,893</u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Budget (GAAP Basis) and Actual – General Fund

For the Year Ended June 30, 2003 with Comparative
Actual Amounts for the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Favorable / (Unfavorable)</u>	<u>2002 Actual</u>
Revenues:				
Taxes, Licenses and Permits	\$ 15,700	\$ 11,245	\$ (4,455)	\$ 19,431
Intergovernmental	8,100	325	(7,775)	8,408
Fines and Forfeitures	2,300	3,193	893	1,683
Insurance Rebates	-	3,916	3,916	-
State Grant	30,000	30,000	-	-
Miscellaneous	-	830	830	1,086
Total Revenues	<u>\$ 56,100</u>	<u>\$ 49,509</u>	<u>\$ (6,591)</u>	<u>\$ 30,608</u>
Expenditures:				
General Government	\$ 21,501	\$ 24,328	\$ (2,827)	\$ 19,458
Public Safety - Police	5,310	3,656	1,654	4,069
Public Safety - Fire	1,630	-	1,630	513
Transfers	-	916	(916)	-
Capital Outlay	<u>30,000</u>	<u>33,070</u>	<u>(3,070)</u>	<u>19,194</u>
Total Expenditures	<u>\$ 58,441</u>	<u>\$ 61,970</u>	<u>\$ (3,529)</u>	<u>\$ 43,234</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (2,341)	\$ (12,461)	\$ (10,120)	\$ (12,626)
Other Financing Sources (Uses):				
Operating Transfers In (Out) - Water Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (2,341)	\$ (12,461)	\$ (10,120)	\$ (12,626)
Fund Balance - Beginning of the Year	<u>\$ -</u>	<u>\$ 6,893</u>	<u>\$ 6,893</u>	<u>\$ 4,519</u>
Fund Balance - End of the Year	<u>\$ (2,341)</u>	<u>\$ (5,568)</u>	<u>\$ (3,227)</u>	<u>\$ (8,107)</u>

The accompanying notes are an integral part of this statement.

Village of Montpelier, Louisiana

Exhibit D

Statement of Revenues, Expenses, and Changes in
Retained Earnings – Proprietary Fund Type

For the Year Ended June 30, 2003
With Comparative Totals for the Year Ended June 30, 2002

	<u>2003</u>	<u>2002</u>
Operating Revenues:		
Sales	\$ 81,220	\$ 106,501
Miscellaneous Revenues	95	19
Total Operating Revenues	<u>\$ 81,315</u>	<u>\$ 106,520</u>
Operating Expenses:		
Salaries and Related	\$ 6,095	\$ 6,600
Purchases	29,547	36,034
Office Expense	267	2,482
Repairs and Maintenance	545	140
Taxes	59	594
Operating Supplies	2,741	1,258
Utilities	2,666	2,947
Insurance	16,530	14,037
Professional Fees	7,526	10,205
Miscellaneous Expense	8,571	701
Contract Services	5,740	-
Depreciation	14,650	14,157
Dues and Subscriptions	-	-
Transfers	1,948	-
Bad Debt Expense	544	2,605
Total Operating Expenses	<u>\$ 97,429</u>	<u>\$ 91,760</u>
Operating Income (Loss)	\$ (16,114)	\$ 14,760
Nonoperating Income (Expense):		
Interest Earned	<u>\$ 3,687</u>	<u>\$ 6,045</u>
Net Income (Loss)	\$ (12,427)	\$ 20,805
Retained Earnings - Beginning of the Year - Originally Stated	\$ 46,546	\$ 44,127
Prior Period Adjustment	<u>\$ 5,881</u>	<u>\$ (18,386)</u>
Retained Earnings - Beginning of the Year - Restated	<u>\$ 52,427</u>	<u>\$ 25,741</u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows – Proprietary Fund Type

For the Year Ended June 30, 2003
With Comparative Totals for the Year Ended June 30, 2002

	<u>2003</u>	<u>2002</u>
Cash Flows From Operating Activities:		
Operating Income (Loss)	\$ (16,114)	\$ 14,760
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	14,650	14,157
Increase in Allowance for Uncollectible Accounts	(0)	(10,018)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	2,322	12,771
Increase (Decrease) in Accounts Payable	807	59
Increase (Decrease) in Customer Deposits Payable	250	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,915</u>	<u>\$ 31,729</u>
Cash Flows From Noncapital Financing Activities:		
(Increase) in Due From Other Funds	<u>\$ -</u>	<u>\$ -</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>\$ -</u>	<u>\$ -</u>
Cash Flows From Investing Activities:		
Interest Earned on Investments	\$ 3,687	\$ 6,045
Purchase of Investments	(102,820)	(102,820)
Proceeds from Maturities of Investments	102,820	102,820
Net Cash Provided by (Used in) Investing Activities	<u>\$ 3,687</u>	<u>\$ 6,045</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Equipment	<u>\$ (1)</u>	<u>\$ (7,400)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>\$ (1)</u>	<u>\$ (7,400)</u>
Increase (Decrease) in Cash	\$ 5,601	\$ 30,374
Cash - Beginning of the Year	<u>\$ 67,097</u>	<u>\$ 49,228</u>
Cash - End of the Year	<u>\$ 72,698</u>	<u>\$ 79,602</u>

The accompanying notes are an integral part of this statement.

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

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Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

1. Summary of Significant Accounting Policies

The Village of Montpelier, Louisiana (the "Village") was incorporated under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of Government. The Village provides the following services: public safety (police and fire), streets, drainage, public improvements, and general and administrative services. Other services include water and gas services.

The accounting and reporting policies of the Village of Montpelier conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As the governing authority of the Village, for reporting purposes, the Village of Montpelier is the financial reporting entity for Montpelier, Louisiana. The financial reporting entity consists of (a) primary government (Mayor-board), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Village of Montpelier for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Board to impose its will on that organization and / or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Board.
2. Organizations for which the Board does not appoint a voting majority but are fiscally dependent on the Village.

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the application of the above criteria, it was determined the Village of Montpelier has no potential component unit. As a result, this report includes all funds and account groups which are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

B. Fund Accounting

The accounts of the Village of Montpelier are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Fund

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or “financial flow” measurement focus and only current assets and current liabilities are generally included on their balance sheet.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs, gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The two account groups are not “funds”. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-term Debt Account Group.

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

Water Utility -	
Wells and Tanks	50 Years
Equipment	10 Years
Lines and Meters	50 Years
Gas Utility -	
Distribution Lines	25 Years
Gas Meters	15 Years
Equipment	5 Years

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

The Village capitalizes the amount of interest paid during the construction of a project and then amortizes, over the useful life of the asset, the interest capitalized.

The Village has not had to borrow money for recent projects, and thus has no capitalized interest costs.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued (Note (1)H); (2) principal and interest on long-term debt which is recognized when due; and (3) expendable operating supplies which are recorded as expenditures at the time of purchase under the "purchase method" (note (1)G).

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled utility services receivable for the Water and Gas Enterprise Fund are recorded at year-end. The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

E. Budgets and Budgetary Accounting

On June 10, 2002, the Mayor and Board of Aldermen of the Village of Montpelier adopted an Ordinance adopting the operating budget for the General Fund for the year ended June 30, 2003. The budget was amended on March 10, 2003 for the year ended June 30, 2003.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under State law, the Village may deposit funds in demand deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

G. Inventory

The Village utilizes the “purchase method” of accounting for supplies in governmental funds whereby expendable operating supplies are recognized as expenditures when purchased. The Village did not record any inventory in the Enterprise Funds at June 30, 2003, as the amount is not material.

H. Accumulated Compensated Absences

The Village has no policy recording employees' vacation pay and employees' sick leave benefits as the Village has no full-time employees. As a result, the Village has no accumulated compensated absences requiring recognition in accordance with GASB Statement 16.

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

I. Pension Plans

The Village of Montpelier is not a member of any retirement system. The Village is a member of the social security system.

J. Total Columns on Combined Statements – Overview

Total columns on the combined statements - overview are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. Statement of Cash Flows

In accordance with Governmental Accounting Standards Board Statement No. 9, the Village is presenting a statement of cash flows. For purposes of the statement of cash flows, the Water and Gas Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

L. Allowance for Uncollectible Accounts

Uncollectible amounts due for ad valorem taxes and customers’ utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at June 30, 2003.

Water and Gas Enterprise Fund

Allowance for Uncollectible Water and Gas Fees	\$	582
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M. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Village’s financial position and operations.

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

2. Ad Valorem Taxes

The Village of Montpelier did not levy an ad valorem tax for the year ended June 30, 2003.

3. Cash and Cash Equivalents

At June 30, 2003, the Village had cash and cash equivalents (book balances) totaling \$79,630, as follows:

Demand Deposits	\$	-
Interest Bearing Demand Deposits		<u>79,630</u>
Total	\$	<u>79,630</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2003, the Village had \$81,155, in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance.

4. Investments

At June 30, 2003, the Village had investments totaling \$132,742, as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
Certificate of Deposit	\$ <u>132,742</u>	\$ <u>132,742</u>
Total	\$ <u>132,742</u>	\$ <u>132,742</u>

The investments are in the name of the Village and are held at the Bank of Greensburg. Because the investments are in the name of the Village and are held by the Village or its agent, the investments are considered registered, Category 1, in applying the credit risk of GASB

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

Codification Section I50.164. The certificates of deposit totaling \$132,742 are secured from risk by \$100,000 of federal deposit insurance and \$103,594 pledged securities.

5. Receivables

The following is a summary of receivables at June 30, 2003:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Utility Franchise Taxes	\$ 711	\$ -	\$ 711
Accounts Receivable	-	7,073	7,073
Allowance for Uncollectibles	-	(582)	(582)
 Total	 <u>\$ 711</u>	 <u>\$ 6,491</u>	 <u>\$ 7,202</u>

6. Due From Other Governmental Units

The following is a summary of amounts due from other governmental units at June 30, 2003:

Amounts due from the State of Louisiana:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Beer Taxes	\$ 325	\$ -	\$ 325
Video Poker Taxes	-	-	-
 Total	 <u>\$ 325</u>	 <u>\$ -</u>	 <u>\$ 325</u>

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

7. Interfund Receivables and Payables

The following is a summary of amounts due from the due to other funds at June 30, 2003.

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Water and Gas Enterprise Funds	\$ -	\$ 12,123
Water and Gas Enterprise Funds:		
General Fund	\$ 12,124	\$ -

8. Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2003:

Customers' Deposits - Cash	\$ <u>4,558</u>
----------------------------	-----------------

9. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

<u>Description</u>	<u>Balance</u> 6/30/2002	<u>Current Year</u>		<u>Balance</u> 6/30/2003
		<u>Additions</u>	<u>Deletions</u>	
Vehicles	98,029.52	-	-	98,029.52
Building Remodeling	-	15,189.00	-	15,189.00
Office Furniture & Equipment	<u>20,781.03</u>	<u>-</u>	<u>-</u>	<u>20,781.03</u>
Total	118,810.55	-	-	133,999.55

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

10. Proprietary Fund Property, Plant, and Equipment

A summary of proprietary fund type property, plant, and equipment at June 30, 2003, follows:

	<u>Water Utility</u>	<u>Gas Utility</u>	<u>Total</u>
Land	\$ 200	\$ -	\$ 200
Equipment	7,168	2,726	9,894
Well, Tank, etc.	3,860	-	3,860
Pumps & Equipment	6,806	818	7,624
Water & Gas System	153,133	100,102	253,235
Water & Gas Lines, etc.	24,001	250,431	274,432
Water & Gas Meters	336	952	1,288
Rejuvenation	<u>-</u>	<u>6,154</u>	<u>6,154</u>
	\$ 195,504	\$ 361,183	\$ 556,687
Less: Accumulated Depreciation	<u>\$ 79,569</u>	<u>\$ 201,414</u>	<u>\$ 280,983</u>
Net Fixed Assets	<u>\$ 115,935</u>	<u>\$ 159,769</u>	<u>\$ 275,704</u>

Depreciation expense on the proprietary fund type property, plant and equipment for the year ended June 30, 2003, totaled \$14,650.33.

Village of Montpelier, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

11. Prior Period Adjustment

As of June 30, 2002, accumulated depreciation for the proprietary fund was restated in the amount of \$5,881. The effect of these changes on the prior year is as follows:

	June 30, 2002		
	<u>Before Restatement</u>	<u>Net Change</u>	<u>As Restated</u>
Fixed Assets (Net of Accumulated Depreciation)	\$ 269,824	\$ 5,881	\$ 275,705
Total Assets	<u>\$ 490,160</u>	<u>\$ 5,881</u>	<u>\$ 496,041</u>
Accumulated Depreciation	\$ 286,864	\$ (5,881)	\$ 280,983
Retained Earnings	<u>\$ 46,546</u>	<u>\$ 5,881</u>	<u>\$ 52,427</u>
Total Fund Equity	<u>\$ 478,327</u>	<u>\$ 5,881</u>	<u>\$ 484,208</u>
Total Liabilities and Fund Equity	<u>\$ 490,160</u>	<u>\$ 5,881</u>	<u>\$ 496,041</u>

**Schedule of Compensation Paid
The Mayor and Board of Aldermen**

Schedule of Compensation Paid the Mayor and Board of Aldermen

June 30, 2003

Term of Office - January 1, 2003 - December 31, 2005

<u>Name</u>	<u>Title</u>	<u>Compensation Paid</u>
Bryan E. Dykes, Sr. 39951 Highway 441 Holden, Louisiana 70744 (985) 777-4733	Mayor	\$ -
Jessica I. Tycer 2025 Durbin Lane Montpelier, Louisiana 70422	Alderman	-
Kenneth Giardina 35999 Hwy. 16 Montpelier, Louisiana 70422 (985) 777-4780	Alderman	-
Bonnie N. Ard 36136 Highway 16 Montpelier, Louisiana 70422 (985) 777-4778	Alderman Village Clerk	- -
		<hr/> <u>\$ -</u>

See auditor's report.

Schedule of Insurance Coverage in Force (Unaudited)

Village of Montpelier

Schedule 2

Schedule of Insurance Coverage in Force (Unaudited)

June 30, 2003

<u>Insurance Company</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Rod Prejean & Associates	Commercial Auto Policy Comprehensive and Collision 1999 Dodge Intrepid	\$ 11,397	5/3/2004
La Municipal Risk Management Agency	Commercial Auto Policy	\$ 500,000	5/1/2004
La Municipal Risk Management Agency	Commercial General Liability		
	Bodily Injury	\$ 500,000	5/1/2004
	Property Damage	\$ 500,000	5/1/2004
	Personal Injury	\$ 500,000	5/1/2004
La Municipal Risk Management Agency	Law Enforcement Officers' Comprehensive Liability	\$ 500,000	5/1/2004
La Municipal Risk Management Agency	Public Officials' Errors & Omissions Liability	\$ 500,000	5/1/2004
La Municipal Risk Management Agency	Worker's Compensation	Statutory	1/1/2004

See auditor's report.

Other Reports

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA • AMITE, LA

John N. Durnin, CPA
Dennis E. James, CPA

Member
American Institute of CPA's
Society of Louisiana CPA's

October 30, 2003

Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Bryan E. Dykes, Mayor
and the Members of the Board of Aldermen
Village of Montpelier, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Village of Montpelier, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Montpelier, Louisiana's compliance with certain laws and regulations during the year ended June 30, 2003, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures during the year for materials and supplies exceeding \$20,000. There were no expenditures for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

Village of Montpelier, Louisiana

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were amendments made to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on June 10, 2002, which indicated that the budget had been adopted by the Mayor and Aldermen of the Village of Montpelier, Louisiana, by a vote of four in favor and none opposed. The budget was amended on March 10, 2003.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual expenditures for the year did exceed budgeted amounts by 6%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee,

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account,

Village of Montpelier, Louisiana

All six of the payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the Mayor and the Board of Aldermen.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Village of Montpelier, Louisiana is only required to post a notice of each meeting and the accompanying agenda on the door of the town hall building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village for the year indicated no payments were authorized or paid. We also inspected payroll records for the year and noted no instances which would indicate payment to employees which would constitute bonuses, advances, or gifts.

12. At June 30, 2003, the General Fund had a deficit in total fund equity of \$5568. Management plans to work to eliminate the deficit in the current year.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Village of Montpelier, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under

Village of Montpelier, Louisiana

Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Durnin & James, CPA's
A Professional Corporation

Findings and Recommendations

Village of Montpelier, Louisiana

Current Year Agreed Upon Procedures Findings

For the Year Ended June 30, 2003

Findings and Recommendations

Compliance

03-1 – Total expenditures exceeded budgeted expenditures by 6 percent or \$3,528

Finding

During our compilation on agreed upon procedures we found that the Village of Montpelier exceeded total budgeted expenditures by more than 5%, which is in violation of LSA-RS 39:1310.

Recommendation

Future budgets should continue to be amended, appropriately, for unexpected expenditures and the unexpected expenditures are to be closely monitored

Internal Control over Financial Reporting

None

Corrective Action Plan for Current Year Agreed Upon Procedures

Village of Montpelier, Louisiana

Corrective Action Plan for Current Year Agreed Upon Procedures

For the Year Ended June 30, 2003

<u>Ref. #</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Anticipated Completion Date</u>	<u>Contact Person</u>
03-1	<u>Compliance</u>			
	Village is in violation of LSA-RS 39:1310 Expenditures exceeded budget by more than 5% The expenditures exceeded by 6% or \$3,528	Future budgets will continue to be ammended and the unanticipated expenditures will closely monitored	June 30, 2004	Mayor

Note: This schedule has been prepared by the management of the Village of Montpelier.

Summary Schedule of Prior Audit Findings

Village of Montpelier
 Summary Schedule of Prior Audit Findings
 For the Year Ended June 30, 2003

Ref. #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action	Plan Corrective Action - Partial Corrective Action Taken	Additional Explanation
<u>Compliance Findings</u>					
02-1	June 30, 2002	Excessive utility receivable balance	Yes		
02-2	June 30, 2002	Violations not forwarded to state	Yes		
<u>Internal Control Findings</u>					
02-3	June 30, 2002	Fines and bond tickets	Yes		
02-4	June 30, 2002	Occupation licenses not prenumbered	Yes		
02-5	June 30, 2002	No subsidiary ledger for occupational licenses	Yes		
02-6	June 30, 2002	Inadequate utility billing system	Yes		
<u>Management Letter Suggestion</u>					
02-1	June 30, 2002	GASB 34 Implementation	In Process	Implementation of GASB 34 in process	

